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ABSTRACT

The success of Proposition 13 in California gave impetus to similar tax limitation efforts in other states. Information included in this booklet is intended to help local, state, and federal education finance policy-makers wrestling with this issue. The first section summarizes efforts in each state to limit taxation and expenditure both by legislative action and citizen petition as of August 1978. Section two describes procedures in each state for approving bond issues for school capital expenditures. The third section presents state requirements for approving current operating budgets as well as procedures for maintaining or increasing property tax rates for current operating purposes. This section also includes a description of tax and expenditure controls that already exist in many state public school systems. An insert updates state activity on tax and expenditure limitation as of October 1978. (Author/JM)

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School District Expenditure and Tax Controls

A summary of tax
and expenditure limitation efforts
in the wake of Proposition 13,
existing budget and tax rate procedures
and bond election requirements.

Report No. F78-8

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Denver, Colorado
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Introduction

The success of Proposition 13 in California, while it did not initiate efforts at tax and expenditure limitations, certainly gave added impetus and support to efforts in other states. In order to describe present and past activities in this field, the Research and Information Department and the Education Finance Center of ECS have combined resources to present a state-by-state picture as it was on July 25, 1978. The first part of this booklet presents current efforts in the states, whether by legislative action or citizens' petition. The situation will, no doubt, look somewhat different at publication time.

The second section of this booklet presents the requirements across the states for approving current operating budgets and measures in those budgets, as well as the procedures for maintaining or increasing property tax rates for current operating purposes. This section includes a description of tax and expenditure controls that already exist in many state public school systems. Section three describes the procedures among the states for approving bond issues for capital expenditures. To our knowledge, the information in sections two and three have not been collected into one source; we hope the information will be useful to education finance policy makers at the local, state and federal levels.

Russ Vlaanderen, Director
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August 1978

August 1978

**Tax and Expenditure Limitation Efforts
in the States**

Alabama

The Governor of Alabama has just requested a special session of the legislature to convene during the last five days of July. The focal point of the session will be the budget for the state school system which failed to pass in the regular legislative session.

Alaska

No activity as of July 19, 1978.

Arizona

Senate Concurrent Resolution 1002, which will appear as Proposition 101, has been approved by the state legislature and will appear on the November ballot. The resolution, initiated by State Senator Rottas, would amend the Arizona Constitution by limiting the state legislature's annual appropriations to 7% of the total personal income of the state. Any increased appropriations must be approved by two-thirds of each House. The resolution would also establish an Economics Estimates Commission which would be responsible for determining and publishing the state's estimated personal income for the following fiscal year. Senate Bill 1025, which establishes the commission upon approval of Proposition 101, has already been passed by the legislature and signed by the governor.

Arkansas

An initiative will appear on the November ballot which proposes to prohibit taxation on food and prescription drugs.

California

California's renowned Proposition 13, the Jarvis-Gann Amendment, was passed June 6, 1978 and became effective July 1, 1978. The proposition limits property taxes to 1% of the 1975-76 assessed market value. Reassessment increases are now limited to 2% annually, providing the property is not sold. Upon sale, reassessment must be based on current market value.

California State Senator Deukmejian introduced a proposed Constitutional Amendment No. 42, which would limit the state's annual appropriations to the previous year's level with cost of living and population changes dictating allowable increases.

The California legislature will meet for the

month of August where the amendment will most probably be considered, though it cannot appear on the November 1978 ballot unless the July 1 deadline is changed.

Colorado

Petitions for two citizens' initiatives circulated throughout the state this spring. While the "Robertson Amendment" failed to meet the July 7 petition deadline, an initiative calling for a limitation on per capita expenditures by units of state governments will appear on the November ballot.

The Robertson Amendment was initiated by Jerald Robertson and proposed that all property taxes be limited to 2½% of the market value including income property. In addition, taxes on owner-occupied dwellings may not exceed 5% of the total gross income of all individuals occupying any such residence for each year. The amendment stipulated that property taxes may exceed the limitations for the purpose of retiring bond indebtedness if it has been approved by the qualified voters of the district.

Connecticut

Governor Ella Grasso has appointed a committee comprised of both citizens and legislators to study tax limitation proposals. As of July 17, 1978, the committee had not yet held its first meeting.

Delaware

Senate Bill 535, providing for a statutory change, has passed both houses and is now law. The bill stipulates that for any year, total appropriations for the general fund cannot exceed 98% of the estimated revenues plus unencumbered cash surpluses for the next year. In case of an emergency, the 98% figure can be exceeded if three-fifths of both houses and the governor approve. A Budgetary Reserve Account was established which cannot exceed 5% of the estimated revenues to protect against the accumulation of a surplus.

To amend the constitution in Delaware, the bill must be passed twice in consecutive sessions of the constitutional convention.

Senate Bills 536 and 649 have both passed once and will be reconsidered next year. Senate Bill 536 is almost a replica of Senate Bill 535, the only difference being that No. 536 would amend the constitution. Senate Bill 649 would require that any new or increased state tax or fee be approved by three-fifths of both houses.

Florida

During the last of this year's legislative session a Proposition 13 twin was introduced, but it failed. While many candidates are pushing their own proposals, there is nothing concrete yet.

Georgia

No activity as of July 19, 1978.

Hawaii

Hawaii is in the midst of a constitutional convention. While there is a great deal of talk, no specific tax or budget limitation proposals have been introduced.

Idaho

On Nov. 7, 1978, Idaho voters will be faced with a charter amendment proposing to limit property taxes to 1% of the 1978 assessed market value. This statutory initiative would allow for a 2% annual inflation rate increase on assessed property. All additional property tax revenue must be approved by two-thirds of the legislature. A two-thirds vote of the legislature plus majority of the general electorate would be required to raise special taxes to compensate for the loss of property tax revenue.

Illinois

House Joint Resolution Constitutional Amendment 22 failed recently in Illinois. The amendment would have limited all state taxes and revenues to 7% of the total personal income of the state for any fiscal year. An Emergency Fund equaling 0.2% of the annual personal income of Illinois was to be established.

Indiana

In 1973 a property tax freeze was enacted. This spring the freeze thawed a bit with the enactment of House Bill 1181 (Public Law 34 of the Acts of 1978). The new law allows school corporations to increase their levies by 1% over the previous year.

No citizen initiatives are allowed in Indiana, but the 1973 law has apparently squelched any desires for tax relief.

Iowa

In the 1970-71 legislative session, a budget scheme was adopted which has apparently thwarted any tax revolt attempts. However, the governor did appoint a finance study group called the State Equalization Project. Iowa state legislators will review the project results when they become available. It is possible that a total restructuring of the state's school financing system may be an outgrowth of the project.

Kansas

A constitutional amendment, Senate Bill 571, was introduced in the legislature though it died in committee. The bill sought to impose a 5% budgetary lid on annual operating expenses.

Citizens' initiatives are not allowed in Kansas and as of this time, it appears that no legislation concerning tax or budget limitations will appear on the November ballot. A committee has been formed to study tax limitation proposals, though it has not met yet.

Kentucky

The Kentucky Legislature is recessed until 1980. It appears that no action will be taken there until 1980, if at all.

Louisiana

Louisiana enacted a new constitution in 1974. The first amendment to the new constitution was a First Use Tax package known as House Bills 140, 767 and 768. Recently a House Bill (1369) was defeated which would have adjusted the state income tax to reflect inflation.

Maine

Maine State Representative Palmer, the Minority Leader, along with a small citizens group tried to get a budget limitation initiative on the November ballot. They failed, but at the urging of Representative Palmer, Governor Longley called a special session of the legislature on Sunday, July 9, 1978. The governor proposed a very moderate budget limitation stipulating that all future budgets be based on the previous year's budget with pop-

ulation and cost of living increases allowed. An emergency fund would also be created. This budget limitation would amend the constitution if two-thirds of the Maine legislature approves it and it is passed in a general election in November.

Maryland

Tax Reform Initiative by Marylanders, TRIM, is being circulated in Prince Georges County. Bill Goodman and David Bird, both running for the General Assembly, are responsible for initiating the petition. All that is known right now is that the charter amendment would prevent increases in taxes on homes.

Massachusetts

A proposed constitutional amendment in the form of a citizens' petition was before the state legislature this month. House Bill 5269, initiated by Edward F. King Jr., passed in the constitutional convention but must pass once more in a constitutional convention before it can be voted on by the people. In other words, November of 1980 is the earliest this proposition could be voted on. The proposed amendment would limit both the annual revenues raised and expenditures made by the state. Appropriations in excess of the state revenue limit would be returned to the taxpayers. An Economics Estimates Committee would be created for the purpose of determining the annual state revenue limit. A special reserve fund would also be established for emergencies.

On June 29 hearings began in the Joint Committee on Taxation for House Bill 6025, popularly known as "Proposition 2½." The bill would place a 2½% limit on property taxes.

Michigan

Michigan has been a hotbed of tax limitation activity. Three citizen initiatives as well as a Joint House Resolution have been considered to date. The Tisch Petition has been filed although its signatures are still being validated. It will take approximately thirty to forty days to accomplish this validation task because nine petitions have been filed in Michigan for the November ballot. If it is vali-

dated, Michigan voters will be asked to decide if all property taxes, as assessed, should be cut by one-half. Future assessments would be limited to an annual 2½% increase. Full funding would be required on all new state ordered programs. The petition also proposed that the state income tax be limited to 5.6%.

A second initiative, known as the Headlee Proposal, has successfully met the July 7 petition deadline but is subject to signature validation.

Growth in property tax assessments would be limited to the percentage growth of the Consumer Price Index. In turn, the state spending growth would be limited to the growth in gross personal income. The Headlee Proposal requires in addition, that if the state mandates a program, it must be financed by the state and that additional tax increases must be approved by the people.

Michigan's third initiative was called the Voucher Plan. It would prohibit the use of property taxes for school financing. The state legislature would be required to devise a voucher plan to finance all elementary and secondary school programs. The Voucher Plan met the deadline but is also subject to signature validation.

There was an attempt in the legislature, called House Joint Resolution C to provide alternatives to these proposals. The legislature will reconvene on Sept. 5 and adjourn on Sept. 8 and will probably not act on the resolution. The governor plans no special session.

Minnesota

Representative Ken McDonald introduced a proposed constitutional amendment, HF 2186, during the 1978 legislative session. The amendment proposed to limit total state taxes to the same percentage of personal income as existed in the previous year or the average of the last five years, whichever was greater; though it failed to receive a hearing.

The chairman of the Senate Tax Committee,

Senator William McCutcheon, has proposed that sales taxes be increased by 2% in order to lessen the burden of property taxes for school and welfare financing. This proposal would reduce property taxes by 36.38%. The outcome of this proposal though, is still pending.

Citizens' initiatives are not allowed in Minnesota.

Mississippi

No action as of July 18, 1978.

Missouri

No action as of July 18, 1978.

Montana

State Senator Robert Watt has initiated a petition to try and pass a constitutional amendment that has failed to pass several times in the state legislature. Known as Initiative 82, the proposal calls for a reduction in property taxes on all housing, both homeowner and rental, through increased income taxation. This proposal would have the total revenue collected unchanged.

Aug. 9 is the petition deadline and it is not known yet if enough signatures have been collected.

Nebraska

Zeke Brauer of Lincoln, and John Holloran of Hastings, have just completed a successful 5% spending lid petition drive. The amendment would limit local budgets, including cities, counties and school districts to 5% annual increases. Any increases above 5% would have to be approved through a referendum.

A special session of the legislature began June 22, 1978. Most witnesses at the public hearing strongly opposed placing any spending, taxation or budget ceilings in the Nebraska Constitution. In fact, all bills proposing constitutional lids were defeated in committee.

Senator Jerome Warner's resolution LRI has advanced to the floor. LRI proposes that counties with multicounty taxing districts which reappraised property within two of the other counties must provide the same percen-

tage of the district's budget as before the reappraisal. Under LRI, the State Board of Equalization and Assessment would have authority until Jan. 1, 1981 to levy separate taxes to accomplish the above provision.

Nevada

The People's Advocate Committee is circulating a petition for a property tax limitation. The petition deadline isn't until Aug. 9; therefore the outcome of the drive is still unknown (July 19, 1978).

New Hampshire

Constitutional Amendment Concurrent Resolution 2 of the State of New Hampshire has been sent to interim study. The resolution must be passed by a two-thirds majority in both houses before it will be referred to the general electorate. The resolution deals with budgeting, taxes and public indebtedness.

Specifically it would require that, "State, county and municipal budgets shall be balanced and contain a one percent surplus. A two-thirds vote of the entire membership of each house be required before any sales or income tax is established. Property taxes shall not be increased by more than 5% of total public indebtedness without a two-thirds vote of the entire membership of each house. The public debt of any county, municipality or other subordinate governmental unit shall not be increased by more than 5% of total indebtedness without a two-thirds vote of that unit's legislative body."

New Jersey

The only relevant legislation in New Jersey was a six-month extension on the 1976 spending limitation bill.

New Mexico

New Mexico's surplus for 1978 was \$130 million. In order to return some of that surplus, \$50 million has been cut from state income taxes through a combination of rebates and reductions. In addition, the state relinquished one-fourth of 1% of gross receipts on all goods and services to its cities. The surplus now stands at \$50 million. In 1977, a 10% limit on property tax assessment increases for certain counties was enacted.

New York	While there appears to be a great deal of commotion in New York, no concrete action has been taken.
North Carolina	No action as of July 19, 1978.
North Dakota	An initiative petition to reduce state income tax rates on individuals and corporations was filed on July 17, 1978, but it is uncertain when the vote on that proposal will be.
Ohio	Three petitions are in the works for the November 1979 ballot. A group called ORTAG, (Ohioans for Reducing Taxes and Government) is responsible for initiating most of the activity. One proposal would require the state to provide all the funds for local governmental programs mandated by the state. A second proposal would either cut tax revenues by 10-12% or freeze state taxes at their present level. The third proposal would require that approval by a majority of voters be gained before any state taxes could be increased. The proposed Johnson Plan which failed would have reorganized Ohio's tax structure. It would have repealed all operating levies above 15 mills as well as introduced a sliding scale based on income. A spending limitation amendment, House Joint Resolution 85, known as the Betts Proposal, if passed by three-fifths of both houses, will appear on the November ballot this year. State per capita expenditures increases would be limited to the rise in the cost of living unless the voters approve differently.
Oklahoma	In Oklahoma, one must file an intent to circulate a petition before the actual signature gathering can begin. Such a petition intent was filed, but the proposal was in improper form and therefore could not be circulated.
Oregon	Jim Whittenburg, the Executive Director of Lobby for State Concerns and Demands conducted a successful petition drive that will result in a constitutional amendment if the

voters approve in November. The initiative proposes that ad valorem, real property taxes be limited to 1½% of the 1975 assessed value. A maximum of 2% annual inflation increases in assessments is allowed. The proposal also requires that two-thirds of each house must approve all new or increased state taxes. New ad valorem sales or transaction taxes on real property would be prohibited.

Pennsylvania

Pennsylvania is brimming with pending tax limitation legislation. Senate Bill 1008 has passed in the senate and has been sent to the house. It would allow for buildings to be taxed at a higher rate than land.

Local governments and school districts would be allowed to tax property according to its use if Senate Bills 1309 and 1438 are passed.

A set of three Senate Bills, 889, 890 and 891 would call for the gradual reduction of property taxes over a four-year period of 25% a year. In four years, property taxes would be eliminated altogether. Senate Bill 890 would gradually phase in increases in state income, sales and corporate net taxes. The state share of the cost of instruction for schools would be increased from the present 50% to an ultimate 80%.

Another Senate Bill in the works is 1271 which would permit school districts to reduce their tax rates on residential property, or eliminate their taxes on residential property by increasing local income taxes.

Some of the "nuisance" taxes used to finance education would be eliminated and replaced with local income taxes if Senate Bill 943 is enacted.

Senate hearings are under way this month, therefore the outcome of all these bills is still unknown.

Rhode Island

Nothing as of July 19, 1978.

South

Carolina

No activity as of July 19, 1978.

South Dakota

A Proposition 13 carbon copy has surfaced in South Dakota. The "Dakota Proposition," if enacted, may force the state to adopt an income tax to make up for the lost revenue.

Tennessee

Tennessee adopted a constitutional amendment in December 1977. Senate Bill 2077 limited the growth of governmental appropriations from state tax revenues to the estimated growth in the state's economy as measured by law.

Texas

A special session of the state legislature convened on Monday, July 10 and is still in progress. Attention will be focused on legislation to impose spending and tax limitations as well as on how to distribute the state's gigantic surplus. The governor circulated a proclamation delineating his propositions for the special session.

Utah

A proposed citizens' initiative that would have provided a statutory change in Utah failed, though it may be reconsidered by the legislature in 1979. The proposal would have limited property taxes to 1% of the fair market value.

On the 1980 general election ballot, the voters may be asked to decide if all state budget increases be limited to the percentage increase in per capita personal income if the legislature passes the proposal this session.

Recently the governor presented a tax reform proposition to his appointed Tax Structure Studying Committee. The proposal would limit property taxes to 1% of the fair market value on all locally assessed property. The governor will also ask the state legislature to reduce its 1978-79 fiscal year spending by \$15 million. The money saved would then be used to further decrease property taxes.

Presently the state finances 72% of its public education. The constitution limits the state to a 75% share of the school funding. The governor is requesting that the state adopt the full 75% share.

Vermont	There has been plenty of discussion in Vermont, but since no citizens' initiatives are allowed, any concrete action must await the January beginning of the legislative session.
Virginia	Several tax and budget limitation bills have been prefiled in Virginia. These bills will be considered when the legislature convenes in January.
Washington	People's Initiative 360 did not meet the July 7 petition deadline. Initiated by Jay Van Self and A.M. Lee Parker, the proposal would have limited property taxes to 1% of the 1976 assessed full cash value.
West Virginia	A 1932 tax limitation bill coupled with low property taxes already has apparently calmed any flickers of tax revolt in West Virginia. The present governor ran on a platform of zero government growth and has apparently kept his promise. No citizen initiatives or referendums are allowed in West Virginia.
Wisconsin	There has been no substantial activity in Wisconsin although a Republican gubernatorial hopeful is using tax limitation proposals in his platform.
Wyoming	No action as of July 19, 1978.

August 1978

**School District Capital Outlay Bond
Election Procedures**

State	Is Voter Approval Required?	Percent Vote Required For Approval	Percent of Voter Turnout Required in Election	How Many Bond Elections Can be Held In One Year?
Alabama	yes	simple majority	no limit	no state limit, but set by county commission
Alaska	yes	simple majority	no limit	no limit
Arizona	yes	simple majority	no limit	no limit
Arkansas	yes	simple majority	no limit	one (at annual school election only)
California	yes	two-thirds majority except earthquake safety construction bonds and lease agreement elections which require a simple majority	no limit	no limit
Colorado	yes	simple majority	no limit	one each 120 days
Connecticut	yes	simple majority	no limit	no limit
Delaware	yes	simple majority	no limit	six months between elections
Florida	yes	simple majority	no limit	six months between elections
Georgia	yes	simple majority	no limit	no limit, 30 days prior notice
Hawaii	no	--	--	--
Idaho	yes	two-thirds majority	no limit	one each six months with more if state board approves

OTHER CONSTRAINTS

Bonded indebtedness may not exceed 80% of estimated annual proceeds of tax in a given year.

There is no limitation on bond sales.

The limit on bonded indebtedness is 10% of assessed property value in an elementary or high school district and 20% of assessed property value in a unified school district.

State Board approval required for bond sales. Total district debt cannot exceed 15% of district assessed valuation unless State Board approves an emergency limit of 18%.

Bonded indebtedness may not exceed 5% of the assessed property value for an elementary district, 5% for a high school district, or 10% for a unified district.

However, if the district enters into a lease purchase agreement, the maximum combined debt limit for bonds and lease purchase agreements is 7.5% of the assessed property value for elementary district, 7.5% for high school and 12.5% for unified districts.

Bonding limit is 20% of assessed property valuation.

Bonded indebtedness may not exceed 450% of the annual receipts of taxes for the fiscal year preceding the issue.

State legislature must approve bond issues since it provides 60% of the funding. Bonded indebtedness limit is 10% of the assessed property value of the district.

Bond levies may not exceed 6 mills without approval of the state board of education.

Bonded indebtedness may not exceed 10% of school district total assessed property valuation.

System is fully state funded. No vote is held on local bonds.

Total bonded indebtedness may not exceed 25% of total assessed property valuation.

State	Is Voter Approval Required?	Percent Vote Required For Approval	Percent of Voter Turnout Required in Election	How Many Bond Elections Can be Held In One Year?
Illinois	yes except refunding bonds and fire prevention and safety bonds. Local school board approves these bonds. Working cash fund bonds may be voted on if 20% of voters petition for it. In city of Chicago school board votes bonds.	simple majority	no limit	same issue can be put before voters once every 60 days
Indiana	no	--	--	--
Iowa	yes	60% majority	no limit	one each six months
Kansas a. General Provision	yes	simple majority	no limit	one vote can be held during any general election or a special election may be held once a year
b. Bonding Against Capital Outlay Fund	no (unless 10% of electors file protest petition)	simple majority	no limit	no limit
Kentucky	yes	simple majority	no limit	no limit
Louisiana	yes	simple majority	no limit	no limit

OTHER CONSTRAINTS

Bonded indebtedness may not exceed 6% of assessed property value in elementary or high school districts; it may not exceed 12% in K-12 districts.

Limit on bonded indebtedness is 2% of assessed property valuation. In order to exceed this limit, a petition must come from the community containing the signatures of 50 property owners. State Tax Board must then approve. An outside holding company must be formed from which the district leases the property, with the lease terminating in district ownership.

Bonded indebtedness may not exceed 5% of total assessed property valuation.

Generally, bonded debt limit may not exceed 7% of assessed property valuation. State Board of Education may authorize issuance of up to \$20,000 in bonds without an election. Debt limitation may be exceeded with State Board of Education approval.

If local school board passes resolution and, after notification of intention, no protest is made, the district may bond up to 4 mills for 5 years. Also districts may sell the bonds immediately.

Bonded indebtedness is subject to approval by the Department of Education.

Bonded indebtedness may only be used for capital outlay. The limit for all debt, included bonded indebtedness, is 25% of the assessed property valuation in the district.

State	Is Voter Approval Required?	Percent Vote Required For Approval	Percent of Voter Turnout Required in Election	How Many Bond Elections Can be Held In One Year?
Maine	yes except in certain cities the city council must approve	simple majority	no limit	no limit
Maryland	no	--	--	--
Massachusetts	yes	two-thirds majority of the municipal legislative body	no limit	no limit
Michigan	yes	simple majority	no limit	no limit
Minnesota	yes	simple majority	no limit	a rejected issue cannot be resubmitted for 180 days. A proposal rejected for a second time cannot be resubmitted for one year.
Mississippi	yes	60% majority	no limit	no limit
Missouri	yes	two-thirds majority	no limit	six elections can be held each year
Montana	yes	if voter turnout is between 30% and 40% a 60% vote is required for passage. When more than 40% turnout, simple majority required	turnout must be at least 30%	no limit
Nebraska	yes	simple majority	no limit	one each six months
Nevada	yes	simple majority	no limit	no limit
New Hampshire	yes except in 10 cities where bonds are passed by city councils.	two-thirds majority	no limit	no limit

OTHER CONSTRAINTS

Bonded indebtedness may not exceed 15% of assessed property valuation for municipalities. If a municipality is a member of a school administrative district its bonding limit is 8.75% of assessed property value. State Board of Education can approve an additional 4% increase in bonding limit in school administrative districts, which have a general limit of 10% of assessed valuation.

State funds capital costs through bonding. There is no debt limit except in charter counties where the debt limit is 10% of the assessed property valuation of the district.

Bonding limit is 2.5% of equalized (estimated full market) assessed property value in cities and 5% in towns. However, 90% of borrowing is outside debt limit. If Emergency Finance Board approves a school district's plan to borrow, it can vote to bond above limit.

Bonded indebtedness by resolution of the Board of Education may not exceed 5% of the state assessed valuation of the property in the school district. Bonded indebtedness, with the approval of the voters, may not exceed 15% of the state assessed valuation of the property in the school district except under certain conditions requiring state approval.

Bonding limit is 10% of total adjusted assessed property valuation. Referenda for bonds or the solicitation of bids for construction requiring a capital expenditure in excess of \$400,000 must be reviewed by the commission.

The debt limit is 15% of assessed property valuation in the district.

Bonding can not exceed more than 10% of assessed value of real property, personal property and state assessed railroads and utilities.

Bonded indebtedness may not exceed 29% of taxable property value of district. Taxable value varies as a percentage of market value according to property class; residential property is valued at 8.55% of market value.

Bonding limit is 40% of assessed property valuation.

Bonded indebtedness may not exceed 15% of assessed property valuation.

Bonded indebtedness and loan limits vary. In town school districts 7% of local assessed adjusted property value is the limit. Cities and regional districts have a variety of limits.

State	Is Voter Approval Required?	Percent Vote Required For Approval	Percent of Voter Turnout Required in Election	How Many Bond Elections Can be Held In One Year?
New Jersey	yes	simple majority	no limit	two per year unless the Commissioner of Education certifies the need for an additional election
New Mexico	yes	simple majority	no limit	rejected issues cannot be heard for two years unless there is a petition from the people, they can then come up for another vote in six months
New York	yes	simple majority except in elections to exceed debt limit when 60% majority is required.	no limit	two per year
North Carolina	yes	simple majority	no limit	one each six months
North Dakota	yes	60% majority certain special funds require simple majority. In areas of less than 5,000 population a two-thirds majority is required.	no limit	two elections per year for capital outlay
Ohio	yes	simple majority	no limit	usually only one per year
Oklahoma	yes	60% majority	no limit	90 days between elections
Oregon	yes	simple majority	no limit	eight elections are specified in the law
Pennsylvania	yes	simple majority	no limit	the same issue can only be submitted to the voters once every 155 days
Rhode Island	yes	simple majority	no limit	no limit

OTHER CONSTRAINTS

Bonding limit varies according to type of district. Type II districts are limited to 4% of total average equalized assessed value of real property. Regional districts that have K-8 program are limited to 3%; K-6, 2.5%; 7-12, 3.5%; first class cities, 8%. These limits can be exceeded if the Commissioner of Education and the Local Government Board approve.

Bonding limit is 6% of net assessed property value in the district.

Bonded indebtedness limits are based on a percentage of property valuation as follows: noncity school districts and New York City, 10%; city school districts under 125,000 population, 5%; and city school districts over 125,000 population, 9%.

Bond elections are on a countywide basis. Bonding limit is 5% of total county appraised assessed property valuation.

Bonding limit is 10% of taxable assessed property valuation.

The limit of bonded indebtedness is 9% of the assessed property valuation of school district. This can only be exceeded with the approval of the State Board of Education.

Bonding limit is 10% of district total assessed property value.

Bonding limit is 0.55% of total assessed property value per grade (K-8) for which the district has responsibility. For grades 9-12 the limit is 0.75% per grade.

The limit for school district indebtedness is based on the level of the borrowing base, the average of a district's total revenues for the three years preceding the year in which such debt will be incurred. Nonelectoral debt cannot exceed 250% of the borrowing base (except in Philadelphia where the limitation is 100% of the borrowing base) or 300% (150% in Philadelphia) including new lease rental debt.

Bond proposals are submitted for voter approval when they do not increase municipal debt limits beyond 3% of assessed property value. Above that limit, legislature and Board of Regents approval is required.

State	Is Voter Approval Required?	Percent Vote Required For Approval	Percent of Voter Turnout Required in Election	How Many Bond Elections Can be Held In One Year?
South Carolina	yes	simple majority	no limit	no limit
South Dakota	yes	60% majority	no limit	one per year
Tennessee	optional	simple majority	no limit	no limit
Texas	yes	simple majority	no limit	no limit
Utah	yes	simple majority	no limit	no limit
Vermont	yes	simple majority	no limit	two per year
Virginia	yes	simple majority	no limit	no limit
Washington	yes	60% majority	favorable vote must exceed 24% of votes cast in previous general elections	two per year
West Virginia	yes	60% majority	no limit	no limit
Wisconsin	yes	simple majority	no limit	no limit
Wyoming	yes	simple majority	no limit	one per year

OTHER CONSTRAINTS

Bonding limit varies among counties and school districts. Local statutes may give a school board the authority to issue bonds without voter approval. In South Carolina all bonds that are issued by school districts impose a lien on the taxable property in the district as security for the bond indebtedness. All school districts will have a nonvoter limit of 8% in 1983 if so prescribed by the General Assembly.

Bonding limit is 10% of district taxable property value. Capital outlay bonds for purposes other than construction are voted by local school boards.

County courts have authority to issue bonds or set bonds up for a public vote. In certain cities the power to issue bonds or place the issue up for a vote is held by the city council. There is no bonding limit.

Bonding limit is 10% of assessed property value.

Debt limit is 13.33% of assessed property value of the school district.

There is no debt limit for bonded indebtedness.

Capital outlay funds come from bonds, loans from the Virginia Literary Fund and the Virginia Public School Authority. Funds may be borrowed from the Literary Fund without a vote of the electorate. Bonding limit for cities may not exceed 18% of assessed property value in the school district.

Total debt limit is 5% on assessed property, 2.5% of which is dedicated to capital construction.

Bonding limit is 5% of school district assessed property value.

Debt limit is 10% of equalized assessed property value for K-12 districts. Districts serving less than K-12 are limited to 5% of equalized assessed property value. The city of Milwaukee is limited to a 2% debt limit.

Debt limit is 10% of assessed property value.

August 1978

School District Budget and Tax Rate Procedures

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
Alabama	yes	simple majority	no limit	no limit
Alaska	no	--	--	--
Arizona	yes (budget) to exceed state imposed budget limit	simple majority	no limit	one
	yes (tax)	simple majority of local school board	--	--
Arkansas	yes	simple majority	no limit	one
California	yes	two-thirds majority	no limit	no limit

OTHER CONSTRAINTS*

Tax Rate: A 3-mill district school tax levy is made for general school purposes in all counties. At least a 3-mill countywide tax must be levied before the district 3-mill tax can be voted. An independent city school system is a separate tax district and the 3-mill district tax collected in the city goes directly to that school system. Independent city school systems levy additional miscellaneous taxes which are not shared with the rest of the county. Districts under county boards of education are further restricted by a 12.5-mill statutory limitation on the total tax rate for all governmental purposes. In certain counties and cities, additional authority to levy taxes above the statutory 12.5 mills is provided by the approval of the voters in the respective school districts. This additional levy must be approved for current operation expenses as well as debt service.

Tax Rate: The tax rate of borough and city school districts is limited to 30 mills. There are no local property taxes for state-operated schools which are in areas outside incorporated districts.

Budget: Limits on expenditure increases are set by the legislature; below average expenditure school districts receive a percentage increase per state supported classroom in excess of the annual growth rate until 1978-79.

Tax Rate: There is no limit on the local tax rate but board approval is required to increase rate above that which would raise necessary revenues using correct revenue base, even if such a rate is less than that of previous year.

Tax Rate: There is no legal limit as to the number of mills that may be levied for school purposes in any local school district. In order to increase the tax rate for schools, it is necessary for the local board of education to propose the increase, and the new rate must be favored by a majority at the annual school election. If the proposal of the local board fails to be adopted in the elections, the last approved rate remains in effect. All school districts in Arkansas are fiscally independent.

Tax Rate: School district operating tax levies are set by the revenue limit. The revenue limit is established annually according to statute, based on prior year expenditures and inflation adjustments.

*This information brings up to date some of the information contained in *Public School Finance Programs, 1975-76*, compiled and edited by Esther Tron, U.S. Office of Education.

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
Colorado	yes	simple majority	no limit	no limit
Connecticut	yes	simple majority	no limit	no limit
Delaware	yes	simple majority	no limit	one each half year
Florida	yes	simple majority	no limit	one each six months
Georgia	yes, but only when district is at 20 mill max- imum	simple majority	no limit	no limit with 30 days prior notice
Hawaii	no	--	--	--
Idaho	yes	simple majority	no limit	no limit

OTHER CONSTRAINTS*

Budget: Local school board adopts a budget within a state set authorized limit. If a district wants to exceed the budget limit it requests an increase from the State School Budget Review Board. If it is denied the increase it may go to the voters for the increase. To participate in the state equalization program, a district must operate a K-12 or 1-12 program and schedule 180 days of school per year. Revenues from property tax and state equalization aid are limited to an increase of \$120 per pupil for 1978. Increases above this range may be granted by the State School District Budget Review Board and/or a vote of the people of the district.

Budget: Voters only vote to accept or reject entire town budget which includes school budget. Board of Finance proposes the budget to the voters.

Tax Rate: There is no specified limit to the tax rate which may be levied for general fund purposes. The electorate must approve the levy. No non-property taxes are levied specifically for schools.

Budget: Districts may raise any amount for current expenses when such amounts are approved by a referendum. The rate and the purpose for which funds are to be used must be specified.

Tax rate: Each district school board must levy the required local effort millage rate (6.4 mills for 1977-78), but no more than 8 mills on the non-exempt assessed valuation of the district. In addition, the qualified electors may vote an additional millage levy for capital outlay purposes and required debt service. Tax levies for debt services are in addition to the levies for school current operations but are limited by State Board of Education regulations to 6 mills except with specific board approval.

Tax Rate: The State Constitution permits a maximum levy of 20 mills. The 20-mill levy may be exceeded by a referendum. Within these limits, tax rates are established by the county school board. Twenty-eight city school systems operate independently of the counties in which they are located. These city systems are fiscally dependent upon city council. Tax levies for independent city school systems are authorized by the city charters and generally range from 5 to 30 mills, exclusive of debt service. These city tax limits may be removed by voters at a special election.

Budget: The public schools of Hawaii are funded almost entirely with appropriations from the state legislature.

Tax Rate: All school districts may levy 27 mills for maintenance operation by trustees after a budget hearing. A minimum levy of 22 mills is required for participation in the Foundation Educational Program. Levies in excess of 27 mills must have the approval of school electors in special election.

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
Illinois	yes	simple majority	no limit	same issue can only be voted on once each 60 days
Indiana	no, other methods are avail- able	simple majority	no limit	one per corporation with State Tax Board approval
Iowa	yes	simple majority	no limit	one per year
Kansas	no	--	--	--

OTHER CONSTRAINTS

Tax Rate: The laws prescribe maximum local tax rates which may be levied upon equalized assessed property values for educational purposes without a vote of the people and the additional amounts which may be approved through a series of referenda. These tax rates are as follows:

School District Tax Rate Limitations

Levy	Type of District	Maximum Rates (Mills)	
		Without Referendum	With Referendum
Education Fund	K-8	9.2	30.0
	9-12	9.2	30.0
	K-12	16.0	40.0
Operation Building, and Maintenance	K-8	2.5	5.5
	9-12	2.5	5.5
	K-12	3.75	7.5
Capital Improvements	All Districts		.6
Transportation Funds	All Districts	1.20	2.0
Summer School	All Districts		1.5
Bond and Interest	All Districts	As Determined by County Clerk	
Working Cash Fund	All Districts	.5	Not Applicable
Fire Prevention and Safety	All Districts	.5	1.0
	K-8	.2	Not Applicable
Special Education	9-12	.2	Not Applicable
Building Program	K-12	.4	Not Applicable

Tax Rate: District must demonstrate need to State Tax Board, which then can approve conducting a referendum and certifies new levy back to taxing units.

Tax Rate: District taxes may be authorized by school boards without electoral approval. However, districts in which proposed expenditures exceed a certain amount per pupil must submit their budget to a School Budget Review Committee for examination and recommendations. The electorate may approve up to a 10% increase in budgets to be funded by local property taxes and an income surcharge.

Budget: For general operating fund, unified school districts are permitted to increase their general operating expenses per pupil 115% of the amount budgeted per pupil in the preceding school year or 106% (1978-79) of the median budget per pupil in the preceding school year, but in any case a school district can increase its budget per pupil by 106%. Since enactment of the 1973 school finance laws, the budget floor has been reviewed and adjusted annually by the legislature. The budget floor in the original law was 105% and it will revert to that level in 1979-80 unless changed by the legislature. Under certain circumstances this amount may be increased by appeals to the State Board of Tax Appeals, by a referendum approved by the electors, or by using accumulated unused budget authority.

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
Kentucky	yes	simple majority	no limit	no limit
Lotisiana	yes	simple majority	no limit	no limit
Maine	yes except in certain munici- palities where city council can vote increase	simple majority	no limit	no limit
Maryland	no	--	--	--
Massachusetts	no	--	--	--
Michigan	yes	simple majority	no limit	no limit

OTHER CONSTRAINTS

Tax Rate: The Superintendent of Public Instruction certifies the maximum general tax revenue. This revenue may be increased by vote of the people.

Tax Rate: A parishwide property tax of up to 5 mills on 100% of the local assessed valuation of property is authorized to be levied by the board of education for current operating expenses without a vote of the people. Additional ad valorem taxes for specific purposes not to exceed 20 mills in the aggregate at any one time may be levied. Provisions for debt service are in excess of these limitations. A favorable vote on a bond issue authorizes the board of education to issue the bonds and to levy a general property tax in excess of all other taxes for the purpose of paying the principal and the interest on bonds falling due each year.

Budget: If electors petition school directors, the budget is voted on by line items. School budget is voted on annually by voters in town meetings.

Tax Rate: Levies for local school revenue are established by the voters on the basis of budgets which are prepared by the boards of education. In community school districts and school administrative districts organized under general law, member towns are taxed according to the method of sharing costs that was adopted at the time of the organization of the district. Revenue for schools is provided in the tax collections of the municipality.

Budget: County commissioners have appropriating authority and can increase or decrease budget submitted by local school board.

Tax Rate: Neither the Constitution nor the statutes prescribe any upper limitation for levies for school purposes. In order to qualify for the state share of current expenses, the counties and Baltimore must appropriate an amount sufficient to support 45% of the state minimum basic program on an equalized basis.

Budget: School committee prepares budget. It is then submitted to the municipal legislative body for approval.

Tax Rate: A tax levy for schools is authorized by statute but there is no limit. Sufficient funds for the support of schools must be provided by towns and cities and not by the boards of education.

Tax Rate: The State Constitution provides that a maximum of 15 mills on state equalization assessments may be levied without a vote of the people. A county allocation board has authority to allocate this maximum among local taxing units except cities, villages and charter townships. In lieu of fixing the allocation, electors can "peg" the rates at certain amounts for a specified period of time and raise up to 18 mills.

The Constitution also authorizes a maximum of 50 mills, requiring that the millage above 15 or 18 mills be approved by the electors.

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
Minnesota	yes	simple majority	no limit	one per year
Mississippi	yes	60% majority	no limit	no limit
Missouri	yes	simple majority up to 37.5 mills two-thirds majority is required on levies beyond 3.75 mills.	no limit	six elections can be held each year
Montana	yes	simple majority	no limit	no limit until first success or final budget date
Nebraska	no except in class I and class II districts	--	--	--

OTHER CONSTRAINTS

Tax Rate: Voters do not vote on regular budget.

The basic maintenance levy for full participation in the foundation program is, for 1978-79, 28 mills on the equalized assessed valuation. Forty-one percent of the districts also have varying dollar-amount per pupil unit grandfather excess levies, based upon historical high costs.

The limitations may be exceeded through a referendum. The referendum may be called by either the school board or a petition by 15% of the voters (or 10% for a referendum to be held in conjunction with a school board election). The question on the ballot shall be whether a specific amount based on the most recent assessed valuation, may be added to the millage for the basic maintenance and excess maintenance levies as described above. For 1978-79, 17% of the districts levied under this provision.

Tax Rate: Separate school districts do not participate in a countywide levy and are required to levy sufficient taxes to pay their part of the local ad valorem contributions required by the state program. In addition to this local contribution levy, these districts may have another levy for school enrichment purposes above those provided by the minimum foundation program. The total levy for the foundation program and for enrichment is 25 mills. An additional 3 mills may be levied if approved by the electorate.

Local districts, other than separate districts, although they are subject to the countywide local ad valorem levy, may levy additional taxes for enrichment purposes beyond those provided for the foundation program. Without electoral approval, local district levies cannot exceed the difference between the county local contribution levy and 25 mills. This limit may be increased to 28 mills voter approval. Boards of supervisors are permitted to make the enrichment levy on the request of the school board trustees and without the vote of the people. These districts may issue bonds under the same limitations as those given above for separate school districts.

Tax Rate: For all practical purposes, local school support is derived from the property tax. Local school systems are required to levy a tax of 12.5 mills for school support to participate in the State School Moneys Fund (Kansas City voters approved a one-half cent sales tax for schools).

Budget: Vote is only necessary if maximum general fund budget is exceeded. The district electorate must approve any general fund budget exceeding the foundation program by more than 25%. Districts are required to spend at least 80% of their legal budget.

Budget: School boards in class I and class II districts approve budgets in annual public meeting based on election of voters present. In class III, IV, V and VI districts school boards budget.

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
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Nebraska (continued)

Nevada	no	--	--	--
New Hampshire	yes, except in nine cities where school board and city council vote on budget	simple majority	no limit	no limit but usually one per year

OTHER CONSTRAINTS

School districts are grouped into six separate classes as follows:

<u>Class</u>	<u>Population</u>	<u>Gradespan</u>
I	--	elementary only
II	less than 1,000 people	elementary and secondary
III	1,000 to 50,000 people	elementary and secondary
IV	50,000 to 200,000 people	elementary and secondary
V	over 200,000 people	elementary and secondary
VI	--	secondary only

Tax Rate: The aggregate school tax levied for general school purposes all classes of school districts is not restricted, except in class I and class II districts no levy may exceed 12.0 mills unless the levy has been approved by 55% of the voters at the annual meeting of the district. A class III district may not levy more than 4 mills for capital outlay. Levies for debt service and retirement fund requirements in the class IV school district may not exceed annual needs. The aggregate tax rate class IV district may not exceed the rate necessary to provide the budget. Site and building fund levies in a class V school district shall not exceed 4.0 mills, of which 1.5 mills may be credited to the teacher retirement fund. The teacher retirement fund levy in a class V school district shall not exceed 1.5 mills.

Tax Rate: School districts submit annual budget to county commissioners. Nevada has a \$5 limit per \$100 of assessed valuation total tax. School districts are entitled to \$1.50 of the tax plus an additional amount for bond retirement. County commissioners set tax rate. Each school district must levy a 7-mill tax and may levy up to an additional 1 mill. There is no provision in the law for electoral approval of the tax rate.

Tax Rate: Most of the local source funds of school districts are derived from property taxes. There are no upper limits set by law for these tax levies. They must be approved by popular vote at the annual school district meeting. In nine of the cities the schools are fiscally dependent upon city governmental officials, and the people do not vote directly upon the budget.

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
New Jersey	yes, except certain districts for which the Board of School Estimate approves the budget	simple majority	no limit	no limit but normally only one per year
New Mexico	no	--	--	--
New York	yes	simple majority	no limit	no limit

OTHER CONSTRAINTS

Tax Rate: Only tax levies for debt service may be levied without a vote. Approval of the bond issue authorizes local boards of education to levy annually the amount required for debt service.

All tax levies for current operating expenses must be approved by a vote of the people in Type II districts (in Type II Districts the voters elect the members of the board of education and vote upon tax funds required for operation and bond issues) and regional districts. In Type I districts (in Type I Districts the major or other chief executive officer appoints the board of education; annual appropriations raised by taxation are fixed and determined by a Board of School Estimate) the levy for current operating expenses may not exceed 1.5% of the valuation of taxable property without the concurrence of the municipal governing body.

Tax Rate: Orders imposing the tax rates set for all units of government shall be made by the Boards of County Commissioners after rates are set and certified to the Boards by the Department of Finance and Administration. Half the receipts from federal forests located within the county and 15% of the motor vehicle license tax are for school purposes. All receipts from these are distributed to the school districts according to the proportion the average daily membership of each district bears to the average daily membership of the entire county.

Tax Rate: School districts outside of cities have no statutory tax limit for current operating expense. School districts in cities under 125,000 population, although fiscally independent, are prohibited from levying a rate of taxation for current operating expenses in excess of the 2.5 mills above their actual rate for the year prior to the year in which the limitation was originally imposed (1950) without a 60% affirmative vote of the people. Original limits ranged from 12.5 mills to 20 mills which is the maximum allowable rate. Each increase requires a vote of the people and at least a year must elapse between such increases.

Cities above 125,000 population are fiscally dependent or subject to municipal budgetary control. A constitutional tax limitation of 20 mills on the preceding five-year average state-equalized full property valuation applies to all city services, including education. The board of education in such cities presents its budget to the appropriate municipal authorities, who, in turn, may levy taxes without a vote of the people and appropriate the money to the board of education to operate the schools. For New York City, the limitation is 25 mills on state-equalized property valuations.

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
North Carolina	yes but the vote is not effective if it is not also approved by county commis- sioners or the city council	simple majority	no limit	one each six months
North Dakota	yes	60% majority	no limit	one every three months but only twice in 12 consecutive months
Ohio	yes	simple majority	no limit	three per year
Oklahoma	yes	simple majority	no limit	no limit
Oregon	yes	simple majority	no limit	no limit

OTHER CONSTRAINTS

Tax Rate: There are 100 county school districts and 45 city school districts. All of these are local school administrative units. The county commissioners are required to levy taxes for the constitutional school term. There is no limit placed on this levy and it does not require electoral approval. An additional levy for current operating expense can be voted by the people but is not effective until it is levied by the county commissioners or city council. Debt service levies are mandatory and are approved to care for the debt service requirements of bonds which have been legally issued by the county. Local nonproperty tax sources of revenue for public school purposes include fines, forfeitures, penalties, local one cent sales tax and dog taxes. Receipts from interest earnings, donations, and intangible beer, wine, and ABC funds, also provide money for the schools to the extent that such receipts may be appropriated for this purpose by the counties.

Tax Rate: The maximum local tax rate that may be levied without electoral approval is 24 mills. In school districts with a population of 4,000 or more the voters may authorize an unlimited levy by a simple majority vote. In school districts with less than 4,000 population the school board may specify a mill levy and by a 60% majority obtain authorization to make such levy. Also each school board may create and levy up to 3 mills for a "special reserve fund." Whenever the school board has insufficient money to meet teachers' salaries, fuel, light, and heat bills, it may borrow from the special reserve fund but must repay the fund as soon as the general fund tax levy is received. Tax levy limitations apply to equalized local assessments.

Tax Rate: Budgets of local subdivisions, including school districts, are submitted to the county budget commission to determine the allocation of the 10 mills on local assessments authorized by the constitution. Levies outside of the 10 mills may be voted for current operating expense at either a general or special election. Additional levies may be also approved for libraries and recreation purposes.

Tax Rate: Amount of tax levy over 20 mills for operating expenses is voted each year. When local boards of education certify a need to the county excise board, the county board is required to levy a school district tax of 20 mills or as much thereof as is necessary to finance the estimated needs as filed by the local boards of education against all taxable property in the district. School districts may also levy for current expenses an additional amount not to exceed 15 mills when approved by a majority of the electors of the district voting on the question at an election called for such purpose.

Budget: The permanent taxing authority of the board of directors of any municipal corporation in Oregon is constitutionally limited. This authority to tax without the vote of the people is referred to within the state as the district's "tax base." The tax base may be acquired in either of two ways. One, if so authorized by the electorate, the first year's levy of the district when newly organized may become the tax base; or, two, the district may establish a new tax base by voting a specific sum at an

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
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Oregon (continued)

Pennsylvania	no	--	--	--
Rhode Island	yes	simple majority	no limit	no limit
South Carolina	yes, in some instances. In some counties the county council or in some school	simple majority	no limit	no limit

OTHER CONSTRAINTS

election called for that purpose. Once a tax base is acquired, the Oregon Constitution limits its increase annually to 6%. In the event a district fails to levy the full amount of its tax base, the 6% increase is applied to the highest levy made by that district during the preceding three-year period. The 6% limitation excludes debt service levies and serial levies voted by the people. The local district can, and most districts do, vote levies in excess of the 6% limitation.

Tax Rate: The tax levies of first-class districts are regulated by a number of special acts. The tax rate for second, third, and fourth-class districts may levy additional millage if necessary to pay (1) salaries and increments of the teaching and supervisory staff; (2) to pay rentals due any municipal authority or nonprofit corporation or due the State Public School Building Authority; (3) to pay sinking fund charges incurred in connection with school building projects approved by the Department of Education; and (4) to pay for the amortization of a bond issue which provided a school building prior to the first Monday of July 1959. In addition, each school district of the second, third, or fourth class may also collect a per capita tax on each resident or inhabitant of such district over 18 years of age. Other nonproperty taxes may be levied but they cannot raise, in the aggregate, an amount that exceeds what would be raised by a 12 mill tax on property. Emergency need for additional tax millage also can be obtained by approval of the County Court of Common Pleas and Department of Education.

Tax Rate: School financing practices are in accordance with municipal charters if such exist or the general laws of the state. Town or city councils may establish the annual budget and tax rate or this responsibility may be vested in an annual financial town or regional district meeting.

There is no separate, independent property tax for support of local schools in Rhode Island. State laws requires that each community provide a minimum program to cover so-called approved school expenditures to be expended under the direction and supervision of the school committee of that community. This means that the local appropriation plus federal and state aid must not be less than the cost of the basic program during the reference year (two years prior to the budget year) plus the reference year costs of all optional programs shared by the state.

Tax Rate: Local property taxes are based on the assessed valuation of the district which is composed of the valuation of locally assessed real property and state assessed business property. Valuations on automobiles are based on a state furnished schedule. Local millage rates for school purposes are established locally according to procedures in the statutes which vary from district to district.

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
South Carolina (continued)				
	districts the local legislative delegation will set the tax rate. Some school districts have fiscal independ- ence and can levy taxes.			
South Dakota	yes, but only when district is at millage maximum	three-fourths majority	no limit	no limit
Tennessee	no	--	--	--
Texas	yes	simple majority	no limit	no limit
Utah	yes	simple majority	no limit	no limit

OTHER CONSTRAINTS

Tax Rate: Local boards of education may levy taxes for the General Fund, Capital Outlay Fund, Special Education Fund, and Bond Redemption Fund within specified statutory limits. No electoral approval is required for these levies.

General Fund levies are limited to 40 mills on nonagricultural property. Further, a levy may not exceed 24 mills for the general fund on agricultural property. Also, the general fund levy may be raised, not to exceed 10 mills.

Tax Rate: County court or city governments set tax rate. There is no specified general tax rate limit on public school levies for current school support.

Tax Rate: Districts may vote a maximum tax of 15 mills on local assessed valuation. Not more than 5 mills of the aggregate tax of 15 mills may be used for bond purposes. By vote of the qualified electorate, a school district may elect to operate under a more recent statute which provides a maximum tax for maintenance and operation of 15 mills. The debt service tax is set at the rate necessary to retire the debt.

Tax Rate: Under the provisions of the State Foundation Program, all school districts are required to levy a property tax of 28 mills (unless adjusted for property re-valuations) on the state-equalized fair value of the taxable property of the district. This levy is mandatory on all districts and requires no electoral or board approval in the separate districts. Local district receipts produced by this 28 mill levy, which are in excess of \$795 (1978-79) per weighted pupil unit are not retained in the district as local revenue, but are collected as a state tax and used for Foundation Program support for other districts.

Any district may maintain a school program in excess of the costs of the programs referred to above. Under the state-supported Voted Leeway Program the state will contribute an amount sufficient to guarantee \$13

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
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Utah (continued)

Vermont	yes	simple majority	no limit	no limit
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Virginia	no	--	--	--
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Washington	yes	60% majority	favorable vote must exceed 24% of votes cast in previous general elections	--
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West Virginia	yes, for tax rate only	60% majority	no limit	no limit
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OTHER CONSTRAINTS

per weighted pupil unit for the first two mills levied locally and \$4 for each additional mill not to exceed 10 mills as voted by the people. Tax levies for capital outlay and debt service are in addition to these provisions.

Budget: The annual budget must be approved by the voters each year.

Tax Rate: All local school tax rates are determined by vote of the local school district at the annual school district meeting. There are no required minimum or specified maximum school tax rates provided by law. All school districts are fiscally independent except a few city school departments.

Tax Rate: County supervisors or city council sets tax rate for all purposes. County and city school districts are authorized to levy a maximum tax of 30 mills on local assessed valuation. Boards of supervisors in the counties and councils in the cities may supplement the school fund through a cash appropriation. Cities operate as separate administrative units and are completely independent of the county in which they are geographically located.

Tax Rate: The total of all taxing districts against property tax cannot exceed 1% of the true and fair value of property without a vote of the people. The basic school support tax is \$3.60 per \$1,000 of 100% of the true and fair value of property as determined by the Department of Revenue. Annually the Department of Revenue establishes the county assessment ratio. The property tax is collected locally via the county treasurer and sent to the state. The payment to local school districts is equalized via the apportionment formula. In addition to the state collected regular property tax, an excess property tax levy for local districts is permissible if approved by the electorate. The amount of such excess levy cannot exceed 10% of the district's prior year basic education allocation.

Tax Rate: The constitution provides overall limitations on property tax levies and gives the legislature power to establish rates for different purposes such as education. The permanent improvement levy may be transferred for use for current operating expenses or expended or accumulated for building and other permanent improvement projects. In addition to the levy for the permanent improvement fund, unexpended balances from the current expense fund may be transferred to this fund at the end of the fiscal year with the approval of the State Board of Education.

The accumulation in this fund may not exceed 25% of the amount of the county's foundation school program. If accumulated for more than two years, the proceeds must be deposited with the Municipal Bond Commission for investment.

The constitution also provided that the specific tax rate limitations set by the legislature for schools can be exceeded up to an additional 100% of the limits set. Upon electoral approval, such increases in the tax limits can be levied for a maximum of five years, after which they must be submitted again for voter approval.

State	Vote Required for Budget Increase or Tax Increase?	Percent Vote Required for Approval	Percent of Voter Turnout Required in Election	How Many Elections Can be Held in One Year?
West Virginia (continued)				

Wisconsin	yes, for budget	simple majority	no limit	no limit
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Wyoming	no	--	--	--
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OTHER CONSTRAINTS

The present constitution's limitations for all county purposes and the statutory millage limitations for county boards of education follow:

	Maximum millage levies, by class of property			
	I	II	III	IV
Total	5.000	10.00	15.00	20.00
County Board of Education	2.295	4.59	9.18	9.18
Current operation	2.110	4.22	8.44	8.44
Permanent improvement	.150	.30	.60	.80
Debt service*	.035	.07	.14	.14

*Schools are exempt from this limit.

Budget: The state legislature sets the expenditure limit. District expenditures are limited by cost controls applied to the net operating cost plus sharable annual capital outlay. This controlled cost may not increase more than 9.5% (on a per-pupil basis) from year to year, except for statutorily specified programs which may be exempted by the State Superintendent of Public Instruction.

Tax Rate: School board and county commissioners set the budget and tax rate. Statutory limitations on the tax millage, according to type of educational program, are as follows:

Type of School District	12-Mill Mandatory Levy	Maximum Levy Without Voter Approval (Mills)	Maximum Levy With Voter Approval (Mills)
K-12	12	25	28
1-18	8	15	16.8
9-12	4	10	11.2

STATE PROFILES

This insert is an update of the state profiles presented in the "School District Expenditure and Tax Controls" booklet on pages 6 through 17. As indicated in the booklet, the information on state activity provided was current only through the end of July. There has been a great deal of state activity in the area of tax and expenditure limitation since that time. This update is included in order to indicate the direction of that activity.

The Coalition of American Public Employees has given the Education Finance Center permission to reprint and disseminate its October 1978 update of state activity on tax and expenditure limitation, prepared by Steve Rabin.

ALABAMA

Legislators meeting in special session approved a property tax relief package, part of which includes a constitutional amendment that will require voter approval in November before going into effect. The plan calls for a reduction in the legal assessment standard for residential and agricultural property from the current 15% to 10%, a one-third reduction in assessed value. Localities can increase their property tax levy to compensate for lost revenues though the probability of this occurring, given the current antitax sentiment, is not high. The state is prohibited by the state constitution from raising the property tax levy so that a reduction in state revenues is certain if the amendment receives voter approval. The proposal also allows for a credit for any increase in property taxes paid that resulted from court ordered reappraisals. It was this court ordered reappraisal and the possibility of property tax increases of up to 20% for agricultural property that led to the passage of the bill in the legislature. The legislature also passed a bill that exempts business inventories from state and local property taxes. This bill does not require voter approval. Alabama has the second lowest property taxes of any state in the nation.

ALASKA

The state statistically has the highest property taxes in the nation but this might be somewhat misleading in that a large share of the revenue comes from the pipeline and oil fields. There are currently no constitutional or statutory proposals on the state level for tax limitations but the National Tax Limitation Committee claims to be organizing in the state to push through some form of limitation next year. Most activity is currently at the municipal level with six cities experiencing citizen initiative campaigns for tax limits.

ARIZONA

Arizona is an initiative state. Two citizen proposals to put Jarvis-Gann type limits on property taxes failed to get the required signatures. The legislature passed a proposed constitutional amendment to limit state revenues to 7% of personal income. This proposal will be on the ballot in November and if approved will become part of the state constitution. The chances of passage are judged as good.

ARKANSAS

Arkansas is an initiative state. No tax limitation petitions qualified for the ballot. A.C.O.R.N., a grass-roots citizens' campaign was successful in getting an initiative on the ballot that would eliminate the sales tax on food and medicine. Part of the organization's strategy is to seek revenue replacements for the exemptions through the legislature. This effort is not being presented as an antigovernment tax cut. A citizens' advisory group working on tax reform will present proposals to the legislature in January.

CALIFORNIA

As a result of the passage of Proposition 13, 29,858 education workers were temporarily idled due to summer school cancellations and 11,746 local government workers have been laid off. The largest impact on public services is in the health sector with county hospitals being placed in increased financial peril. This is expected to result in reduced health care services available to the poor.

Attempts to overturn Proposition 13 in the courts were unsuccessful. The California Supreme Court upholding the constitutionality of the measure, rejected arguments that the amendment violated the equal protection clause of the U.S. Constitution.

The most recent polls have found that 65% of the people in California now approve of Proposition 13. This percentage continues to increase.

An attempt to place a general state spending limitation on the November ballot failed in the legislature. A tax reform proposal, sponsored by the speaker of the house, calling for the elimination of homeowners' property taxes, increased relief to renters and the restoring of business property taxes to 90% of the pre-Proposition 13 level, also failed to pass but is expected to be reintroduced in the next legislative session, beginning in January. The legislature did pass a major one-time-only income tax cut of \$625 million in the form of an income tax credit. Also passed was an expansion of the circuit breaker property tax relief program for senior citizen homeowners and renters. The governor has appointed a 12-member panel to propose ways of dealing with the state's increasing surplus. Six of the panel members are

CALIFORNIA (cont.)

representatives of the business community, the other six represent the legislature, consumers and labor.

COLORADO

In the last session of the legislature a statutory 7% limitation on increases in state spending was passed. A citizens' initiative that seeks to make a spending limit part of the state constitution will be on the November ballot. More than 100,000 signatures, almost 40,000 more than needed, were collected. Another petition campaign to place a property tax limitation on the November ballot failed to gain sufficient signatures.

CONNECTICUT

A constitutional state spending limit tied to increases in personal income will probably be proposed during the next session of the legislature in January. This proposal is receiving support from the National Tax Limitation Committee and is expected to be a major issue in the upcoming governor's race. Any limitation requires approval of three-fourths of the legislature in the next session or a simple majority in the next two sessions before it can be placed before the voters for final approval.

The governor has appointed a study group on limitations and government expenditures. The study group is apparently leaning in the direction of recommending limitations.

The Connecticut Council for Fair Taxation and Employment, representing labor and civil rights groups is trying to push through a state income tax to relieve property tax burdens and provide a more progressive source of revenue. The chances for them succeeding are regarded as slim for the time being. The Connecticut Citizen Action Group, a community organization, is planning to launch a tax reform campaign in the near future.

The state supreme court's decision in an important school funding case will have an impact on the use of property taxes for this purpose.

DELAWARE

The legislature has passed a bill that limits state spending to 98% of anticipated revenues. The governor has proposed a constitutional amendment to the state constitution to require a three-fifths vote of the legislature to raise taxes. This proposal would require a two-thirds vote of two sessions of the legislature for approval. Delaware is also considering cuts in the income tax to attract more businesses to the state.

DISTRICT OF COLUMBIA

The District currently has provisions for a decrease in the property tax levy when assessments increase so that revenues remain the same unless the city council votes for an increase. The council has recently adopted a classification system that will allow businesses to be taxed at a higher rate than homes. The rates are to be set in the near future. The council also expanded circuit breaker, homestead exemption and deferral programs.

FLORIDA

A citizen's initiative to limit increases in assessed value to 2%, to reduce the municipal and school district tax levy, and to require a two-thirds vote of each house of the state legislature to increase state taxes failed to receive the necessary number of signatures to qualify for the November ballot. Only 34,772 signatures of a required 225,653 were certified. The next time an initiative petition may qualify for the ballot is 1980.

Already on the November ballot is a series of constitutional amendments proposed by the Constitution Amendment Commission. One, pertaining to taxes, Revision #7, would allow property tax breaks to business to be expanded.

The National Tax Limitation Committee reports that there is a current drive under way here to encourage the legislature to pass a general spending limit when it reconvenes in January.

GEORGIA

The legislature is expected to consider a spending limitation proposal in the next session. Most of the activity in the state is on the local level where several municipalities, including Atlanta, are considering instituting a 1% local sales tax as a form of property tax relief. Some of these proposals may lie before the voters in local elections in November.

HAWAII

A constitutional convention called by the governor passed a tax limitation amendment that would limit increases in the general revenue fund to growth in the state's economy. The definition of growth is left up to the legislature. This amendment now goes to the voters in November for their approval. Other amendments from the convention that will also be on the ballot include reimbursement by the state to localities for state-mandated expenses and a restriction on deficit spending.

IDAHO

A duplicate of the Jarvis-Gann proposal will be on the November ballot but its effect will only be statutory if passed and not constitutional. A provision of the proposal required a two-thirds vote of the legislature to increase taxes is expected to be declared unconstitutional but if so, it will not invalidate other parts of the initiative. Voter approval is likely.

ILLINOIS

An advisory referendum to limit state spending has tentatively qualified for the November ballot. The referendum, sponsored by the governor, collected the over-600,000 necessary signatures in only 21 days, raising charges of impropriety in the petition process. A criminal investigation is possible.

Another nonbinding referendum calling for a property tax freeze and eventual 25% reduction fell 50,000 signatures short of the necessary amount and will not appear on the November ballot.

ILLINOIS (cont.)

The governor's referendum efforts were in part in reaction to criticism he received over the vetoing of a progressive property tax relief bill calling for the establishment of a broad-based circuit breaker for low- and moderate-income persons. As controversy over the governor's referendum increases, the chances for an override of the veto, originally thought to be poor, improve. His opponent in the gubernatorial race is sponsoring a petition campaign calling for such an override. The governor did sign legislation eliminating the sales tax on purchases of machinery for businesses.

INDIANA

There will be no major limitation activity until the legislature returns in January when a current limit on property taxes is scheduled to expire. The Republican governor is expected to unveil a major fiscal restraint program in September or October. Progressive tax reform groups will be meeting in October to discuss alternatives.

IOWA

Iowa currently has a set of tax limitations on local spending and property taxes. Any attempts at major limitation amendments to the constitution will require approval of two sessions of the legislature. The earliest date that a limitation could appear on the ballot is 1982.

KANSAS

Even though there is no initiative procedure in Kansas, there is a petition campaign calling for Jarvis-Gann type property tax limitations. The governor, a Republican, has warned against "demagogues" taking advantage of the tax issue. He has appointed a citizen's advisory committee on property tax reform that is expected to concentrate primarily on inequalities in assessments rather than limitations. Their report is due next year. Localities in the state are considering adopting local sales taxes as a form of property tax relief.

KENTUCKY

A contender for the governor's office has engaged a law firm to draft a tax limitation amendment. The current governor, a Democrat and chairman of the National Governors' Conference, cited inequities in the tax system, rather than government spending, as a major problem when he spoke before the Midwest Governors' Conference this month.

LOUISIANA

This state has one of the lowest property tax burdens in the country. The first \$50,000 of assessed value for residential property is exempt from the property tax. No concrete proposals for limitations or known activity in this area currently exist in the state. Litigation concerning school financing is the only immediate potential source for change.

MAINE

The legislature meeting in special session failed to

approve a proposed constitutional limitation amendment sponsored by the governor. If the amendment had passed it would have been submitted to the voters for approval in November. Now, no limitation items will appear on the ballot. The rejected amendment, which would have limited state and local government spending to increases in the cost of living and called for the reimbursement by the state to localities for all state-mandated programs, had passed the senate but failed in the house. The house had passed a statutory version of the proposal that would not have changed the constitution. This was rejected by the senate as was a homestead property tax exemption also passed by the house. The governor has called a second special session for October 18 to consider property tax relief. No ballot item is expected to result for this November.

MARYLAND

Though this is not an initiative state, petitions are being circulated to pressure the legislature into adopting state spending limits. Following the vote on Proposition 13 in California, the governor imposed a state hiring freeze. The legislature approved a 10% rollback in property taxes for this year. Tax limitation proposals will appear on the ballot in two counties that are part of the Washington, D.C. metropolitan area. Voters in these two counties account for 29% of all voters in the state.

MASSACHUSETTS

A constitutional amendment to provide for classification of property for tax purposes will be on the ballot this November. The ballot item, Question # 1, is an attempt to avoid massive increases in residential property taxes as the result of a court order requiring 100% valuation of all property. If it passes the current informal practice of assessing commercial property at a higher standard than residential property will be authorized by the constitution, thereby superseding the court order that would require that they be assessed by the same standard. Also on the ballot is an advisory referendum that calls for a limit of state and local taxes. Another constitutional amendment, to limit state spending, was passed by this year's legislature but next year's session must also pass the measure to place the proposal on the ballot. The earliest date for such a proposal appearing would be 1979. The proposal, called the King Amendment would limit state spending to 7% of personal income. A statutory proposal to limit property taxes to 2.5% of assessed value, called Proposition 2-1/2 is expected to be defeated in the legislature.

Signatures are being collected on a nonbinding petition to encourage the legislature to adopt a Jarvis-style amendment.

Progressive tax reform groups, including Mass Fair Share, supported a circuit breaker program as a form of property tax relief. This bill passed the legislature but was vetoed by the governor. These groups are planning to target tax abatements to business in a fall campaign.

MICHIGAN

Three tax-related citizen initiatives proposing changes in the state constitution have qualified for the November

MICHIGAN (cont.)

ballot. The first of the three, the Headlee Amendment, to be called Proposal E on the ballot, would place a limit on state taxes and expenditures as a percentage of personal income in the state and limit the growth of local revenues to increases in the consumer price index. A second proposed amendment, the Tisch Amendment or Proposal J, would cut the legal assessment standard from 50% to 25% with property taxes limited to 2.5% of assessed value. This proposal would also limit increases in the state income tax to a 1% increase in the rates. No limits would be placed on other taxes. The third proposed amendment, Proposal H, would repeal all local funding of schools and replace it with a voucher system funded by the state that could be used at either public or private schools. If more than one of the proposed amendments should pass, the courts would have to sort through the conflicting provisions.

The legislature failed to pass any alternative proposals for the November ballot though it is currently considering a statutory provision that would result in a cut in property taxes and an increase in income taxes. It will be in session this year until October 1.

MINNESOTA

Limitation legislation is being drafted for the next legislative session. The chairman of the Senate Tax Committee is proposing a property tax cut to be covered by an increase in the sales tax. Property taxes are expected to decrease this year as state funding to schools increases, funded from a \$100 million state surplus.

The speaker of the house is an advocate of an offensive campaign to educate citizens to the benefits of government. The Minnesota Taxpayers Association reported recently that local governments received more revenues from the state than from local property taxes in fiscal 1978.

MISSISSIPPI

No major limitation activity. Two minor tax relief bills passed in the last session of the legislature. A pending school funding case could have a possible effect on the tax system.

MISSOURI

On the ballot will be a proposed constitutional amendment that if approved would give the legislature the authority to roll back state and local property taxes. In August voters rejected a 3-cent increase in the state gasoline tax that would have raised \$85 million for road and bridge repair.

Groups are planning a campaign for tax limitation when the legislature convenes in 1979. Citizen groups in St. Louis are planning a progressive tax reform campaign to fight property tax abatements for business.

MONTANA

A statutory proposal to replace the property tax with revenues from the income tax failed to receive enough signatures to qualify it for the November ballot. 7,516

of the necessary 15,836 signatures were submitted. No petitions for constitutional limits qualified for the ballot.

The National Tax Limitation Committee reports that an effort is under way to encourage the legislature to pass a general spending limit when it reconvenes next year.

NEBRASKA

The state legislature meeting in special session in June passed a bill limiting property tax increases to 7% and allowing local governments to impose spending limits through popular vote. A constitutional amendment that would limit increases of local government spending to 5% has qualified for the November ballot and has received the support of the governor.

NEVADA

A constitutional amendment to limit property taxes to 1% of assessed value and limit increases in assessed value to 2% a year, qualified for the November ballot. 34,000 signatures, substantially more than the 21,000 required, were submitted. Voters will have to approve the measure in November and again in 1980 before it goes into effect.

NEW HAMPSHIRE

The governor is seeking to place a constitutional amendment to limit property taxes and prohibit sales and income taxes on the ballot. The earliest such a proposal could be advanced is 1979 when the legislature reconvenes. The house speaker addressed the National Conference of State Legislatures on tax limitations and attributed the success of Proposition 13-type initiatives to voter ignorance.

NEW JERSEY

The legislature in 1976 placed a limit on state spending allowing increases equivalent to the change in personal income. The state also placed a statutory limit on local spending. In addition, a statewide income tax was instituted as a form of property tax relief. The National Tax Limitation Committee and Howard Jarvis have both mentioned New Jersey as a target state. A coalition of community organizations, labor groups, civil rights groups and members of the governor's cabinet has formed to provide public education on progressive tax reform.

NEW MEXICO

The legislature in 1977 passed a 10% limit on property tax increases which served to freeze current inequalities into the tax system. The Committee to Study the Property Tax Code of the legislature will be meeting over the next several months to suggest possible reforms to the legislature when it convenes in January.

NEW YORK

A state assemblyperson running for governor has called for a freeze on local tax rates. A state constitutional amendment to limit state spending to 8% of state personal income has been introduced. A recent state supreme court decision finding the current school

NEW YORK (cont.)

funding process unconstitutional may have some impact on future tax reform. The National Tax Limitation Committee has named New York as one of its target states.

NORTH CAROLINA

Both candidates in the current governor's race have promised not to raise taxes. A bill to reduce income taxes, which would result in a loss of \$100 million of revenue, has been introduced in the legislature but is not expected to pass. Currently a committee of the legislature is studying intangible property taxes. No action is expected on this issue until next year.

NORTH DAKOTA

An initiative to provide a statutory cut in personal income taxes and an increase in corporate income taxes qualified for the November ballot. The person heading the campaign is a retired businessman who has succeeded in the past in placing tax-related initiatives on the ballot. His most recent success was getting a statutory 1% cut in the sales tax passed through the initiative process.

OHIO

Members of the state legislature have announced plans to introduce a constitutional amendment to limit state spending when the legislature reconvenes in January. If the proposal passes, it would then be submitted to voters at the next general election.

A citizens' group has also announced a constitutional amendment limiting state spending. Ohioans for Reducing Taxes and Government plan to launch a petition campaign to place their plan on the ballot in November 1979.

The Ohio Public Interest Campaign, a statewide citizens' group is currently preparing a progressive tax reform package.

OKLAHOMA

Oklahoma is an initiative state. The only known petition effort currently under way is a proposal being circulated by a locally-known evangelist to repeal all direct taxation. This and other petitions can be filed as late as October 23 and still qualify for the November ballot.

OREGON

A constitutional amendment patterned directly after Jarvis-Gann, that would limit property taxes to 1-1/2% of full market value and require a two-thirds vote of the legislature to increase any state taxes, has qualified for the November ballot through the initiative process. Proponents collected 140,000 signatures, more than the 61,000 necessary. The legislature in a surprise move held a special session in which they passed an alternative constitutional amendment, also to appear on the November ballot. The legislative proposal calls for state reimbursement to homeowners and renters of half of their property tax payments, up to \$1,500. This would cover half of the property taxes of an estimated 98% of the residential taxpayers and cost the state a total of

over \$500 million. The proposal would also limit any increases in state spending to increases in personal income, and local spending would be limited to a percentage derived from a formula using population growth and the consumer price index. Any increase in state taxes of more than 5% would require a two-thirds vote of the legislature or a majority vote of the people. In addition, the proposal would freeze all property assessments for one year while the legislature studies the assessment system.

Whichever of the two ballot proposals receives the most votes would become law. Passage of the Jarvis-Gann style amendment, known as Measure 6, once almost a certainty is placed in doubt by the legislative proposal, known as Measure 11.

These two measures will be joined on the ballot by a proposition that calls for an end to state-funded abortions.

PENNSYLVANIA

Proposals to limit property taxes and state spending have been introduced into the legislature but are not expected to pass this session. The governor has appointed a tax reform task force to report to him and the legislature.

In Philadelphia a bill to limit increases in the city budget to 5% annually has been introduced in the city council.

RHODE ISLAND

Currently there are no major plans for tax cut amendments or legislation. A coalition of civil rights, labor and public interest groups have worked closely with the past session of the legislature to institute progressive spending programs. Possible tax reforms to be sponsored by this group include circuit breaker relief. A small group is working to institute some form of tax limits, Jarvis-Gann style, in the legislature.

SOUTH CAROLINA

A proposal to allow citizen initiatives and another to place limits on the income tax are currently being studied in committee in preparation for next year's legislative session. A bill making uniform exemptions for nonprofit organizations was ratified by the legislature and is awaiting the governor's signature.

SOUTH DAKOTA

A proposed constitutional amendment requiring a two-thirds vote of the legislature or a two-thirds vote of the people to increase taxes was passed by the legislature and will be submitted to the voters in November for approval.

TENNESSEE

A constitutional amendment limiting increases in state spending to growth in personal income was approved in March.

TEXAS

The legislature meeting in special session passed several proposed constitutional amendments which will appear

TEXAS (cont.)

on the ballot in November. One, a limit on state tax revenues, would limit their growth to growth in the "state's economy." The definition of this growth is up to the legislature. A second would provide for a reduction in the local property tax levy when assessments increase, so that revenue remains the same. To increase the levy, and therefore revenues, would require public hearings and vote of local officials. This type of procedure, called a "truth in taxation" provision is generally favored over more strict limitations. Also on the ballot is a proposal to provide property tax exemptions of \$5,000 to homeowners and \$10,000 for elderly homeowners. Another proposal would require the assessment of farmland at minimum productivity value. This would be allowed but not mandatory for timberland. One last proposal, also to be included on the November ballot, would prohibit statewide appraisal of real property, thereby preventing the state from eliminating inequities in assessment. Bills passed during the special session that have already gone into effect call for the repealing of the sales tax on utilities and increasing the inheritance tax exemption.

UTAH

An initiative to place constitutional limitations on state spending failed to qualify for the November ballot. Some legislators have organized a Constitutional Study Commission to attempt to resurrect the limit as a legislative proposal.

The Governor's Tax Revision Study Committee has released a tax reform plan that would limit property taxes to 1% of market value and expand circuit breaker relief to persons with \$20,000 a year income or less. (Property taxes currently average approximately 1.2% of market value.)

A property tax limitation proposal, modeled after the Jarvis-Gann initiative, missed the deadline for the November ballot but appears likely to be certified as an initiative to the legislature. If the legislature does not pass the proposal, it will be on the ballot in the next general election, scheduled for 1980. A progressive tax initiative to eliminate the sales tax on food is also expected to be submitted to the legislature as a citizens' initiative.

VERMONT

There are currently no plans for any major tax reform being undertaken by any of the legislative committees preparing for next year's session. Tax reform does not appear to be a major statewide issue at this time.

VIRGINIA

A group of businessmen are trying to get the legislature

to consider a constitutional amendment to limit taxes to 6.34% of personal income. The amendment is expected to be introduced in January 1979.

WASHINGTON

Three initiatives aiming to limit property taxes, including one patterned directly after Jarvis-Gann, failed to receive the necessary number of signatures to qualify for the November ballot. Another initiative to limit revenues and expenditure increases to the growth of personal income also failed.

Two of the disqualified initiatives, the revenue and expenditure limit and one of the property tax limits that seeks to extend current restrictions on increases in the property tax levy to school districts, are currently being supported as petitions to the legislature, as are four others that at this date do not appear to have broad-based support. This process allows bills to be placed before the legislature through the petition process. If the legislature defeats the bill, it appears on the ballot the following year. If the legislature amends the bill, both the original and the amended bill go on the following year's ballot. If the legislature approves the bill, it becomes law.

Other limitation measures can be submitted to the legislature through this process as long as the necessary number of signatures are received by December 29 of this year. None of the petitions has yet to receive the necessary number of signatures.

WEST VIRGINIA

A referendum on the November ballot seeks to reduce the percentage of voters needed for approving bond issues from the current 60% of those voting to 50%. This referendum is expected to lose. A bill requiring a balanced state budget and one expanding tax exemptions will probably be introduced in the legislature next year.

WISCONSIN

The Republican candidate for governor is campaigning on a plan to force the state to adopt acceptable tax levels prior to setting any expenditure figures. A spending limitation on state and local levels was blocked by the legislature last year.

WYOMING

Though Wyoming is an initiative state, no tax limitation petitions were submitted for the fall ballot. A legislative committee began hearings in June to discuss constitutional tax limitations.

Education Commission of the States

The Education Commission of the States is a nonprofit organization formed by interstate compact in 1966. Forty-six states, American Samoa, Puerto Rico and the Virgin Islands are now members. Its goal is to further a working relationship among governors, state legislators and educators for the improvement of education. This report is an outcome of one of many commission undertakings at all levels of education. The commission offices are located at Suite 300, 1860 Lincoln Street, Denver, Colorado 80295.

It is the policy of the Education Commission of the States to take affirmative action to prevent discrimination in its policies, programs and employment practices.